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The biologic sociologists have accepted this utilitarian concept of psychology as being the true psychology of individuals and try to create a super-psychology out of the social elements neglected by the utilitarian philosophers. They confuse the concrete individual of society with notions which these philosophers had of this individual and therefore assume that all psychical elements not recognized by these philosophers belong to a super-organism back of the individual to which all social forces are due. This false step makes a super-psychology a necessity and compels its advocates to use many artificial and forced analogies in order to convince the reader that social phenomena differ radically from those of individual activity.

The errors of the biologic sociologists are due to a wrong concept of the hierarchy of the sciences.* Making sociology follow directly after biology, they overlook the fact that at least three important bodies of knowledge lie back of sociology and separate it from biology, the theory of goods based on objective conditions; the theory of utility, and the theory of social forces. The organic tendencies of society lie mainly in the first of these fields—the conditions of the objective environment. If then the latter two theories are neglected, and the sociologist limits his studies to primitive societies, mere economic aggregates, where the conditions of the objective environment are dominant, he seems to prove the organic nature of society. As soon, however, as the theory of social forces is developed, and the importance of the subjective environment recognized, the defects of the organic concept of society become apparent and a new concept must be created in which, especially for the higher forms of society, the first place must be given to the forces creating the subjective environment.

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PROFESSOR J. B. CLARK'S USE OF THE TERMS "RENT" AND
"PROFITS."

The paper on "Rent and Profit" by Dr. C. W. Macfarlane in the July ANNALS is of much interest for the clearness with which the concepts of "marginal" and "differential" rent are distinguished, as well as for the attempt to crystallize the distinction in the suggestive, but hopelessly awkward terms, "price-determining" and "price-determined" surplus.

Dr. Macfarlane's detailed criticisms are less satisfactory—the case against Professor J. B. Clark being signaliy inadequate. The plausible contradiction found in Professor Clark's saying "of one and the same thing that it is the more useful type of *true rent*, and again, that it is

* See "Failure of Biologic Sociology," ANNALS, May, 1894.

a sort of *mock rent*,^{*} arises from mere neglect of context. Professor Clark's very obvious meaning, in the one place, is that the differential gain resulting from the application to fertile soil of labor alone is a more useful type of true rent than when labor and capital conjoined are so applied;† but that, on the other hand, this gain is a "mock rent" in that the product imputable to the final increment of labor in agriculture is not physically determined, but is imposed from without, in accordance with the product imputed to marginal labor in the general industrial field. In other words, "in the strict sense of terms the rent of land is not a differential product," because the base line or subtrahend of the differential is not independently located, but is adjusted to that prevailing in the wider field of industry.‡

Similar exception may be taken to Dr. Macfarlane's fundamental charge that Professor Clark is betrayed into including both "differential rent" and "pure profit" under the general term "rent." The contention would have force were Professor Clark's position in fact, as Dr. Macfarlane has interpreted it, viz.: that in an unbalanced condition of industry favorable to agriculture, "there will accrue to the employer of laborer, and *later to the owner of land*, a surplus equal to the difference between the productivity of labor in this special branch of industry, and its productivity in that branch in which it is least productive, since the rate of wages is set by the latter."[§] The fallacy of Dr. Macfarlane's criticism appears in the phrase italicized, "and later to the owner of land." It is of the very essence of Professor Clark's thought that the temporary surplus due to dynamic changes in group industry constitutes the reward of the entrepreneur function, and that it reverts to the owner of land only when this agent is at the same time the employer of labor and capital, just as, under parallel conditions, wages and interest would be merged.|| With functions rigidly differentiated, pure profit passes from the entrepreneur only to be annihilated as a fund by dissipation among consumers. The very agency by which transference of profit to the owner of land might be effected—the competition of added entrepreneurs—causes an influx of labor and capital into agriculture, a consequent reduction of marginal productivity in the favored group to that prevailing in the general field, and the disappearance of pure profit as a distinct fund. To arrive at the result stated by Dr. Macfarlane, we should have to

* ANNALS, July, 1894, p. 98.

† *Quarterly Journal of Economics*, April, 1891, p. 304.

‡ *Ibid.*, pp. 307-310.

§ ANNALS, July, 1894, p. 99.

|| See in particular "Profits under Modern Conditions" in Clark and Giddings' "Modern Distributive Process." Boston: 1888.

regard agriculture as an isolated industrial group, with a dynamic gain petrified into a permanent group advantage by the exclusion of all additional industrial factors, save bare-handed captains of industry.

In another connection the present writer hopes to inquire whether the recognition of a marginal rent in distribution, distinct from an ordinary differential surplus, as urged by various writers, certain of whom Dr. Macfarlane has cited, is not erroneous in analysis, and, as applied to theories of production and distribution, misleading in practice.

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